

## IN THE SPECIFICATION

Please amend the paragraph starting at page 7, line 2, and ending at page 8, line 28, as follows:

--Some aspects of the prior art and a number of arrangements of the present invention will now be described with reference to the drawings, in which:

Fig. 1 illustrates the transformation of an original image component into a corresponding single level DWT image and into a two level DWT image according to the prior art JPEG2000 standard;

Fig. 2 illustrates the tiling of a subband into code-blocks according to the prior art JPEG2000 standard;

Fig. 3 illustrates the coding of a code block into block layers according to the prior art JPEG2000 standard;

Fig. 4 illustrates the stripe oriented scan of the coding pass in a code block according to the prior art JPEG2000 standard;

Fig. 5 shows a flow chart of a method of compressing a sequence of frames of a video into Motion JPEG2000 format according to a first arrangement;

Fig. 6 shows a flow chart of the rate distortion modification process 520 for use in the method of Fig. 5 according to the first arrangement;

Fig. 7A shows a flow chart of a method of compressing a sequence of frames of a video into Motion JPEG2000 format according to a second arrangement;

Fig 7B, which includes Fig. 7B(i) and Fig. 7B(ii), shows a flow chart of a process suitable for use in step 7120 of the method of Fig. 7A;

Fig. 8 shows a flow chart of a single significance state step 758 for use in the process of Fig. 7 according to the second arrangement;

Fig. 9 shows a flow chart of a method of compressing a sequence of frames of a video into Motion JPEG2000 format according to a third arrangement;

Fig. 10 shows a flow chart of the static flicker filter step 930 for use in the method of Fig. 9 according to the third arrangement;

Fig. 11 shows a flow chart of the wavelet coefficient filter step 1030 for use in static flicker filter step of Fig. 10 according to the third arrangement;

Fig. 12 shows a flow chart of an alternative wavelet coefficient smoothing filter step 1030 for use in the static flicker filter step of Fig. 10 according to the third arrangement;

Figs. 13A, 13B, 13C illustrates the magnitude of the DWT coefficients of a 1-dimensional edge moved a single coefficient to the left in each frame, in accordance with the prior art Motion JPEG2000 standard;

Figs. 14A, 14B, 14C illustrates the reconstructed edges from coefficients in respective Figs. 13A, 13B, 13C after dead-zone quantisation, in accordance with the prior art Motion JPEG2000 standard;

Fig. 15 shows a flow chart of a method of compressing a sequence of frames of a video into Motion JPEG2000 format according to a fourth arrangement;

Fig. 16 shows a flow chart of the multi-frame analysis step 1540 for use in the method of Fig. 15 according to the fourth arrangement;

Fig. 17 shows a flow chart of the distortion adjustment step 1550 for use in the method of Fig. 15 according to the fourth arrangement;

Fig. 18 shows a flow chart of an alternative multi-frame analysis step 1540 for use in the method of Fig. 15 according to the fourth arrangement; and

Fig. 19 shows a flow chart of a post-compression rate-distortion optimisation process for use in step 530 of Fig. 5, step 950 of Fig. 8, and step 1570 of Fig. 15 in accordance with the first, third, and fourth arrangements respectively;

Fig. 20 is a schematic block diagram of a general-purpose computer upon which arrangements described can be practiced;

Fig. 21 is an example of two corresponding coefficients in successive frames;

Fig. 22 shows a flow chart of a method of compressing a sequence of frames of a video into Motion JPEG2000 format according to a fifth arrangement using two-bit smoothing; and

Fig. 23 shows a flow chart of the coefficient smoothing step 2204 for use in the method of Fig. 22 in accordance with the fifth arrangement.--